

OFFICE OF THE CHANCELLOR

University System of Maryland

Higher Education FY2026 Budget Overview

Response to Department of Legislative Services Analysis

House Appropriations Committee

*Education and Economic Development
Subcommittee*

Stephanie M. Smith, Chair

January 29, 2025

Senate Budget and Taxation Committee

*Education, Business and Administration
Subcommittee*

Nancy J. King, Chair

January 30, 2025

Members of the subcommittee, I appreciate this opportunity to join my colleagues in commenting on the higher education analysis by the Department of Legislative Services. And I thank you for the support you've shown to higher education and to the USM over the years—support that allows us to better serve the state, its citizens, and our students.

I'll make a few general comments, then turn to select aspects of the DLS analysis.

ACCESS | AFFORDABILITY | ATTAINMENT

I start with the good news of enrollment. Our enrollment grew last fall for the second year in a row, to nearly 171,000 students. Our undergraduate enrollment is the fourth-highest in USM history, and back to pre-pandemic levels. We enrolled our second-largest class of first-time, full-time students. And, together, our HBCUs have their largest freshman class in 15 years. Our graduate enrollment is up, as well—nearly 5% over last year.

These enrollment numbers are a product primarily of two things: our success in recruiting students into our system of excellence (a point on which I'll elaborate later), and our success in retaining them until graduation. We're proud that our second-year retention rate (82%) and six-year graduation rate (70%) well exceed U.S. averages among public universities.

Enabling our success in both of *these* efforts—recruitment and retention—is our affordability. Twenty years ago, Maryland's public universities were among the most expensive in the nation for in-state undergraduates. Today, 26 states are more expensive than Maryland. Our in-state undergraduates pay less than the U.S. average in tuition and fees and *far* less than students in our neighboring states.

As the DLS analysis notes, in-state tuition and fees at our flagship campus, the University of Maryland, College Park, are the second-lowest among peer institutions. The analysis notes, as well, that inflation has for several years outpaced the modest tuition increases we've maintained for Maryland students.

Holding tuition prices relatively constant during this period of high inflation is enabled by the support we receive from the state. That support per FTE student (Exhibit 4) shows rising state appropriations in FY23—fueled by salary and financial aid increases, HBCU settlement funding, and restoration of prior cuts—against a comparatively flat line of net tuition. That flat line is largely explained by two factors: one, challenging; the other, encouraging. Fiscal year 2023 was marked by pandemic-induced drops in new students, but also by climbing graduation rates among those already enrolled.

Of course, affordability comes not only from keeping tuition costs down, but from providing aid to those students who still need financial help. Last year, our universities awarded \$101 million to 27,000+ students with unmet financial need. Institutional aid to students Systemwide has nearly *doubled* over the last 10 years.

The demonstrable impact of these twin affordability efforts is significant: Last year, 59% of USM undergraduates earned their degree without any student loan debt whatsoever.

In terms of degree attainment, Maryland public higher education is doing its part to meet state targets. With a 2023–24 goal just shy of 28,000 bachelor's degrees awarded, the state's public four-year institutions, together, conferred 30,834. We exceeded the MHEC target by nearly 3,000 degrees. As Maryland's biggest contributor of undergraduate degrees, we're proud to drive the state's progress toward its 55% attainment goal.

Underpinning the entire enterprise of degree attainment is, first, opening access to our universities. And access is a factor of more than affordability. As noted in the DLS analysis, the USM submitted an extensive report to the legislature last year on the efforts we undertake to recruit Maryland high school students from every region of the state. These university efforts are both targeted and expansive.

Their success is reflected in the number of applications we receive from Maryland high school seniors. Between FY19 and FY24, applications ranged from 40,000 (a pandemic-era low) to nearly 55,000. Over those same years, our universities accepted for admission 73–75% of all Marylanders who applied.

This is a feature of the USM and our work: Our foundational mission of access-for-all means we consider our purpose to structure and sustain a system of public higher education that's available to all Marylanders who choose college—for whatever reason they choose it.

MARYLAND EARLY COLLEGE

I'd like to acknowledge a point made in the DLS analysis regarding the need to develop pathways and programs that boost enrollment and degree completion, especially among first-generation and low-income students. The USM couldn't agree more.

Our priority remains to build a sustainable Maryland Early College model that allows high school students, often starting as underclassmen, to attend college full-time. By the time these students complete secondary school, they will have earned both their high school diploma and transferable college credit up to a full associate degree.

Early College is a more intentional and immersive experience than dual-enrollment programs, as students are fully integrated into a college curriculum and may take many of their courses at the partnering college or university. While dual enrollment primarily serves students *already* on a college track, Early College targets low-income, first-generation, and other underserved students—those with limited exposure to higher education, who likely don't see themselves as college-bound. The programs offer wraparound academic, advising, and mentoring supports intended to level the playing field and defray the time and cost incurred in earning a college degree.

We're focusing our efforts now on Baltimore City and Maryland's rural regions and on providing access to courses that will transfer to any USM university. We're grateful for your support of innovative pathway programs as a means of achieving education access and education equity.

SOME COLLEGE, NO CREDENTIAL

The DLS analysis rightly points to opportunities in reengaging students with some college but no credential as a means of increasing enrollment and accelerating progress toward the state's degree attainment goal. Again, the USM enthusiastically agrees.

All of our universities have initiatives aimed at reenrolling students who have stopped out of college. These efforts are most intensive in the 18 months following the stop, the window during which non-completers are most likely to be reenrolled and most easily get back on their degree path. With online options made available during the pandemic, many of our universities adopted digital platforms to engage with these students, accommodating their schedules and their unique pressures, goals, and needs.

SIMPLIFYING READMISSION

Our universities have simplified readmission processes so that they don't deter returning students, and some have developed interdisciplinary majors with built-in flexibility that allow students to complete

their degrees without starting over in a major. USM universities serving a higher percentage of older and working students have developed more flexible continuous enrollment policies at the undergraduate level, so that students who have had to stop out of their education for a few semesters can reenroll without reapplying for admission.

NEAR-COMPLETER PROGRAMS

Every USM university has some version of a near-completer program, aimed at luring back stopped-out students who are within about 30 credits of graduation. Some have reached out to students with outstanding balances and negotiated payment plans with them. In fact, the USM Foundation offers universities scholarship funds targeted to students in these near-completer programs.

REVERSE TRANSFER

Our universities also help students through the reverse transfer process, transferring credits from their university to a community college. Reverse transfer helps prevent students from leaving a four-year university—even for a short while—with no credential to show for the time and money they invested in their education.

FOR THE GOOD OF MARYLAND

Maryland wouldn't be Maryland without a strong and thriving USM. We appreciate your partnership and support as we work toward our mutual goals: Putting a four-year degree within reach of any Marylander who wants one. Training a workforce that powers Maryland's growth and innovation. Sustaining Maryland as one of the most successful, most productive, and most prosperous states in the nation by reaffirming our commitment to education access, equity, and excellence.